

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

ARY JEWELERS, LLC

Plaintiff

IMC BUSINESS CREDIT CORP.
AND DAVID MOLINARIO,

Defendants

C.A. No. 04 CV 10281EFH

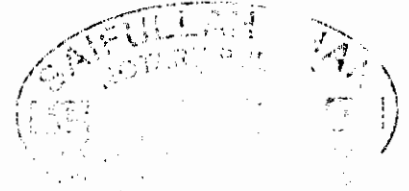
AFFIDAVIT OF IJAZ-UL-AHSAN

IJAZ-UL-AHSAN, being sworn, deposes and states as follows:

I submit this affidavit at the request of Plaintiff's attorney in support of Plaintiff's response to Defendants' Motion for Summary Judgment.

I have been retained by Plaintiff as an expert witness in this case and have been asked to give my opinion on Pakistani civil/regulatory actions involving fraud. My opinion has also been sought on the significance of charges against principals of ARY and the procedure adopted for bringing such charges.

I am a partner in Cornelius, Lane & Mufti, Advocates & Solicitors, a Lahore based law firm established in 1982. Cornelius, Lane & Mufti specializes in commercial, corporate, banking and civil law and represents local as well as international clients. By Pakistani standards, Cornelius, Lane & Mufti is one of the largest law firms in the country. My area of expertise is banking and corporate law. I also represent clients in cases before the courts involving allegations of various



nature including embezzlement, fraud, etc.

Based on my review of the press reports IJ provided to Foothill Capital, there are no specific allegations which have been mentioned in the press reports:

The owner and directors of ARY had allegedly paid a sum of US\$10,000,000 to Ms. Benazir Bhutto, her spouse and senior government officials for granting a gold import license to ARY which had caused Pakistan millions in lost revenues; and

The owner/director of ARY had connections with Mr. Hussain Lawai who was a former President of Muslim Commercial Bank (MCB) and Advisor of Ms. Benazir Bhutto, ex-Minister of Pakistan. Mr. Lawai had allegedly embezzled US \$10,000,000 from MCB. In connection it was reported that ARY's Group Executive Director, Mr. Muhammad Iqbal was stopped at Perth Airport (Australia) in March 1996 along with Mr. Lawai who was traveling with him as his financial advisor.

On the basis of documents examined by me, including a judgment of the court of Cassation, Dubai and an order passed by the Supreme Court of Pakistan of February 21, 2003, I am of the opinion that:

a. The charges of embezzlement/unauthorized/illegal transfer of funds by Mr. Hussain Lawai at the instance of Haji Abdul Razzaq (one of the principals in ARY) and Haji Yaqoob have been found to be baseless and incorrect

b. MCB had initiated criminal proceedings against Mr. Hussain Lawai and Haji Abdul Razzaq, etc. However, on the basis of the final judgment of Dubai Courts, the Supreme Court of Pakistan has passed restraining orders against criminal proceedings pending against Haji Abdul Razzaq, etc.

8 The bribery charges were subject matter of a reference filed by the Government of Ar.
Nawaz Sharif, the then Prime Minister of Pakistan under a special law titled "the Ehtasab
Ordinance" (since repealed) before the Ehtasab (Accountability) Court. The said reference has been
pending for the past more than seven years without evidence being recorded or the trial being
concluded.

9 There is no procedure under Pakistan law whereunder precautions/safeguards may be taken
before bringing charges of fraud and/or embezzlement against a person/entity. Allegations can be
made by any individual/entity/government department against another. An investigating agency (in
this case the Federal Investigation Agency ("FIA")) investigates the matter. It collects evidence (if
any) and submits all material collected by it against the accused before the Accountability Court.
The Accountability Court then frames charges and the accused has a right to defend himself.
Depending upon strength of the charges, the accused can be arrested at any time.

10 The record and credibility of Accountability Courts and FIA has been open to serious
question in the past many years. FIA as well as Accountability Courts are prone to official pressure
and influence. It is widely believed (and I subscribe to that belief on the basis of my professional
experience) that FIA is used by the sitting governments to harass, intimidate and blackmail political
adversaries. Even otherwise charges brought against a person have no significance unless a fair trial
has been conducted and the charges are established through evidence in accordance with law.
Because there is no criteria for safeguarding against false and/or fabricated charges being filed, it
cannot be said that a person who has been charged is likely to be convicted. In large number of
instances convictions handed down by Accountability Courts have been set aside by the appellate
courts (which have displayed more independence) on the ground that such convictions were

unwarranted for lack of or insufficient evidence.

I am of the opinion that just on the basis of allegations which were highlighted in the press reports there was no reason for Foothill Capital to treat this as a factor in considering the application of ARY or to change the terms of the loan being sought by ARY.

The charges stemmed from an effort on the part of the then sitting government to entangle Mrs. Benazir Bhutto and her spouse in criminal trials for political reasons without credible evidence to prove the charges. It is for this reason that most of the cases involving various other charges of much more serious nature also remain unproven.

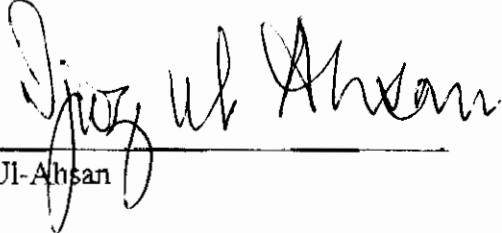
In Pakistan, there is a general tendency on the part of sitting governments to file charges and institute proceedings on the basis of alleged corruption, misappropriation of public moneys, misuse of official position, etc. against previous governments and political adversaries. Sitting governments instruct investigating agencies including police and FIA to initiate cases in which at times arrests are made and trials are prolonged to achieve political objectives. This has been the norm for many decades and unfortunately continues to be so. The fact that a person is charged is not of much significance unless the evidence brought to substantiate that charge has credibility is carefully examined and results in conviction by a competent court which is upheld by an appellate court.

In my opinion, just because a person is charged is insignificant and no decision regarding the reliability of a person can be based on the fact that he has been charged of some offense specially where political personalities are involved in such charges. In the present case, the very fact that the name of Ms. Bhutto and her spouse were mentioned should have been enough for a person with elementary knowledge about Pakistan and its investigative system to conclude that the charges were politically motivated and of no legal significance.

I base my opinion on twenty-two years of law practice and my knowledge and experience of fraud and embezzlement related charges/trials before various courts including the Accountability Courts.

In preparing my opinion previously rendered in a report and affidavit, I have read Plaintiff's First Amended Complaint, Answer of Defendants, copies of Dow Jones Newswires, parts of the depositions of Abdul Razzaq, news reports of daily 'Dawn' dated April 18, 2001, 'Gulf News' dated April 15, 2001, 'Khalij Times' dated April 17, 2001, the judgment of court of Cessation, Dubai of the Supreme Court of Pakistan dated February 21, 2003, the Ehtesab Ordinance, National Accountability Bureau Ordinance, and a copy of the judgment of the Supreme Court of Pakistan cited as "Benazir Bhutto v. State" (PLD 2001 S.C. 568). All of the documents and information I relied upon are attached to this affidavit and are true and correct.


All of the documents and information I relied upon are of the type reasonably relied upon by experts in my particular field (banking, corporate law, and embezzlement/fraud) in forming opinions and references upon the subjects/opinions expressed herein.


Ijaz-Ul-Ahsan

Sworn to before me on this the 08 day of September, 2005.

Notary seal:

ATTESTED


ULLAH KHAN
Advocate Lahore High Court
Notary Public, Lahore